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ABSTRACT

This paper describes some of the important changes that have occurred in California community colleges since Proposition 13 was enacted in 1978, in hopes to assist Arizona state leaders as they consider possible reductions on local property tax support for community colleges. Included is an historical overview, an official mission description of California community colleges, a discussion of governance and coordination within the system, and a section on funding that includes information on operating budgets, tuition, construction costs, and Proposition 98, and a chart of state appropriations by year. Enrollment statistics are provided, followed by a conclusion that the severe rollback of local property taxes in 1979-80 was a major contributing factor to fluctuations in both funding and enrollment. An attached California higher education fact file contains data including population, enrollment, tuition, faculty salary, and degrees awarded. (Contains 16 references) (AS)

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California Community Colleges Adapt to Local Property Tax Rollbacks

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California Community Colleges
Adapt to Local Property
Tax Rollbacks

Terrence A. Tollefson
May, 1997

The best-known rollback in local property taxes in America may be Proposition 13, an amendment to the California constitution approved by the voters in 1978. Changes in state government structures and functions are much too complicated to link definitively all the multiple causes to their effects. What this paper attempts to do is describe some of the important changes that have occurred in California Community Colleges since "Prop 13" was enacted, in the hope that implications may be seen by community college and state government leaders in Arizona as they consider possible reductions and/or other limits in local property tax support for community colleges.

Historical Overview

California's statewide system of community colleges began in 1907 with the legislative authorization of high school districts to offer college-level courses. In 1921 the legislature enacted legislation authorizing separate junior college districts, and in 1927 passed a law allowing joint districts for high schools and junior colleges. In 1929 the General Assembly adopted legislation authorizing general fund payments specifically for junior colleges. Up until then, public junior colleges were funded through high schools, predominantly from local property taxes, with a small portion derived from state taxes on mining on federal lands in California (Meyers, in Tollefson & Fountain, 1992; Knoell, 1997).

A rapid increase to 42 public junior colleges in 1937 and 163,000 junior college students in 1942 led to legislatively commissioned studies in 1947 (the "Strayer Report") and

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1954-55 (the "McConnell Report"), which collectively recommended that junior colleges should be high-access, open-admissions institutions offering terminal occupational programs, general education, vocational guidance, lower-division transfer programs, adult education, and remedial education. The Strayer Report also recommended that existing junior colleges should be expanded and new ones founded before additional four-year institutions were established (Meyers, in Tollefson & Fountain, 1992).

The Donohoe Act of 1960 incorporated a state master plan for higher education that had been proposed in 1959 as the result of a committee appointed by the University of California and the California Department of Education. Important provisions of the master plan included establishing a simplified statewide junior college mission statement to provide instruction up through grade 14, general or liberal arts education, college transfer and vocational-technical program leading to employment. It also recommended that junior colleges be open to all residents within their districts who were age 18 or older. The statutory placement of junior colleges within the public school system made the junior colleges tuition free and made them eligible to receive federal vocational education funds. Local boards of trustees and a combination of local and state funding were retained. The State Board of Education continued to set minimum standards for junior college districts, including requirements for certification of teachers, and to exercise general supervision over the community colleges. The master plan also recommended that the University of California institutions restrict admission to the top one-eighth of high school graduates, and that the state colleges only admit students who graduated in the top third of their classes (Meyers, in Tollefson & Fountain, 1992).

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In 1967, when California junior college enrollment had increased to 610,000, the Stiern Act was passed. It established the Board of Governors of the California Junior Colleges and the Office of the Chancellor, with the intent to separate junior colleges from public schools. This law was supported by junior college boards and presidents to enable them to participate in setting standards for college construction and to receive approximately half of their construction funds from the state. The Board of Governors actually was designed to be a coordinating board for junior colleges, as the Stiern Act was passed with the intent to preserve local governing board autonomy, control, management and responsiveness to local needs (Murdock, 1989).

Mission

The official mission of the California community colleges was established by the 1960 master plan for higher education and has not changed materially since then. The mission is to provide instruction through grade 14 to all residents who are age 18 or above, to offer general or liberal arts education, college transfer, and vocational programs leading to or enhancing employment, and remedial education, noncredit courses for adults and community services. In a 1995 study for the California Postsecondary Education Commission, David Brenneman suggested the possibility that the mission be narrowed, inferentially to eliminate remedial education and English as a second Language. (Knoell, 1997).

Governance and Coordination

The Board of Governors of the California Community Colleges is in reality a strong coordinating board with limited governance authority shared with 71 locally elected district governing boards. The local boards of five to seven members each, who are elected to staggered four-year terms, have the authority to hire and fire chancellors, presidents, faculty.

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and staff, develop academic and facilities plans, hold title to and manage property, and bargain collectively with faculty, professional staff, and support staff. The Board of Governors was legislatively authorized in 1967 and established in 1968. It is composed of 17 members appointed by the governor, including 12 at large who must be confirmed by two-thirds of the state senate, two tenured faculty members, two current or former local board members, and one currently enrolled student. The at-large members are appointed for staggered six-year terms. The faculty members are appointed for staggered two-year terms from a list nominated by the statewide academic senate. The student is appointed for a one-year term (Knoell, 1997).

The Board of Governors is required by law to maintain the maximum possible local autonomy and control of community colleges, to provide general supervision, to establish minimum standards for graduation, credit and non-credit classes, faculty and administrative employment, establishment of new community college districts, and to assure effective participation in academic governance by faculty, staff and students. The Board of Governors also is required to develop and maintain comprehensive systems for educational and financial accountability, to assess the effectiveness of local districts, and to provide services to individual colleges and the system ranging from research and information to management assistance to budget preparation and advocacy. (Meyers, in Tollefson & Fountain, 1992; Knoell, 1997).

The California community colleges have been characterized as "moderately decentralized" (Garrett, 1992) and as representing a "midrange regulation" system (Fonte, 1993). Fonte rated the California community colleges as low in state regulation of budget flexibility, budget form and personnel control and medium in state expenditure oversight,

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state tuition control and overall local authority. Ingram & Tollefson (1996) similarly ranked California's community college system as less centralized in state control than more than two-thirds of the states.

Funding

The operating budgets of California community colleges were supported predominantly by local property taxes until Proposition 13 was enacted by the voters in 1978. Proposition 13 was a voter-enacted constitutional amendment that, among other provisions, reduced assessed property values to 1975-76 market values and limited the maximum annual increase in assessments to two percent for properties that were not sold after 1978 (Picus, 1991). In recent years, the proportions of state and local funding have varied considerably, primarily as a result of year-to-year fluctuations in state appropriations. For example, state support rose from 23 percent in 1959-60 to 43 percent in 1974-75 to 69 percent in 1979-80. (Meyers, in Tollefson & Fountain, 1992). In 1995-96, local tax revenue support for California community colleges totaled $1,369,998,000, compared with total state tax support of $1,294,000,000 (SHEEO, 1995). This state appropriation was only marginally higher than the $1.28 billion allocated in 1990-91 (Honeyman, Williamson, & Wattenbarger, 1991).

Studies by the California business Roundtable in 1984 and the "Little Hoover Watchdog Commission" in 1985 recommended a number of changes in community college governance, funding and faculty status that led to the enactment of Assembly Bill 1725, popularly known as the "California Community College Reform Act" of 1988. The governance structure survived with few changes, despite earlier efforts to eliminate the local governing boards. Provisions of the reform act included designating the community colleges as postsecondary institutions, establishing college transfer programs as the first priority and

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vocational programs as the second priority, requiring that 75 percent of community college faculty be employed full-time, and shifting from an enrollment-based funding pattern to one driven by costs, which is more similar to the funding patterns of the University of California and California State University systems. The estimated cost to achieve all those reforms was approximately $150 million (Murdock, in Amsler et el., 1989).

State-appropriated tax funds for California community colleges in recent years have varied widely from year to year, as follows:

Year	State Appropriations	Change From Preceding Year
1992-93 (1)	$1,519,376,000	
1993-94 (1)	1,106,281,000	(27.2%)
1994-95 (2)	1,194,292,000	8.0%
1995-96 (2)	1,343,887,000	12.5%
1996-97 (2)	1,722,203,000	28.2%
1996-97 Increase Over 1992-93		13.3%

Sources:

(1) Palmer, J.C. (1995)

(2) Hines, E.R. & Higham, J.R., III (1997)

For the 1996-97 fiscal year, California's state appropriation of $1.722 billion exceeded the second-largest state appropriation of $646 million for Texas community

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colleges by over one billion dollars, and California's state appropriation was nearly three times as large as that for Texas community colleges (Hines & Higham, 1997).

Tuition was initiated at the mandate of the state legislature in 1984 (Knoell, 1997), but, at $365 per student in 1994-95, it was still the lowest in the nation and only 31 percent of the national community college average. (Chronicle of Higher Education Almanac, 1996). For several years ending in 1996, the legislature required the California community colleges to impose a $50 per surcharge per student credit hour on most students who had bachelor's degrees (Knoell, 1997).

Campus facilities construction costs were not supported by state funds until 1968, when community college chancellors, presidents and local boards supported the establishment of the Board of Governors as a trade-off for obtaining state support for capital outlay (Meyers, in Tollefson, & Fountain, 1992; Knoell, 1997). State appropriations for capital outlay in California community colleges declined from $42 million in 1976-77 to $30 million in 1978-79, while local tax support for capital outlay increased from $80 million to $90 million (Tollefson, Adkins, & Buysse, 1980). The student-faculty ratio in California community colleges increased by seven percent from 1985 to 1990 (California Community Colleges, Office of the Chancellor, 1991).

Proposition 98, another constitutional amendment, was approved by California voters in 1988. It requires that approximately 40 percent (with some qualifications) of all state general-fund revenue be appropriated to public schools and community colleges, but does not specify the proportion for each sector. As amended by Proposition 111 in 1990, this provision now allows a reduction below the approximately 40 percent share of the general fund revenue that was appropriated to grades K-14 in 1986-87. Such a reduction is allowed

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whenever the state experiences a "low-revenue year", defined as a year when growth in general fund revenue trails growth in per capita income by more than half a percentage point. New legislation in 1989 mandated that community colleges receive the proportion of general fund revenue they were appropriated in 1989-90, which was approximately 11 percent. This statutory requirement has been suspended by the legislature every year since 1992-93. As a result of state underfunding, community colleges reportedly reduced part-time faculty by approximately nine percent between 1990 and 1992, and about 14,000 class section were eliminated from 1990-91 to 1993-94 (California Community College Faculty Association, 1995).

The average 1994-95 salary for full-time community college faculty members was $50,541, which ranked California third, behind Alaska at $53,813 and Michigan at $51,134. (Chronicle of Higher Education Almanac, 1996). The California average was 20.1 percent above the national average (Tollefson, 1997).

Enrollments

The 1994 fall enrollment in California community colleges was 1,099,505. This was a decline of 15.8 percent from the 1,273,712 students enrolled in the fall of 1991 (Chronicle of Higher Education Almanac, 1993 and 1996). Erratic enrollments in recent years have been attributed to a "boom or bust" economy in California, as well as to the now - "sunsetted" surcharge of $50 per credit hour for students who alrelady had bachelor's degrees. (Meyers, in Fountain & Tollefson, 1992; Knoell, 1997).

Even after the recent enrollment decline, California community colleges enrollment represented 20.7 percent of the national total with 7.1 students per square mile, compared

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with the national average of 1.5 students per square mile, and 34.8 students per 1,000 population compared with 20.2 per 1,000 persons nationally (Tollefson, 1997).

Summary

Since the enactment of Proposition 13 in 1978, California community college revenues from both state and local sources have fluctuated erratically, and so have enrollments. It seems likely, but not conclusive, that the severe rollback of local property taxes in 1979-80 was a major contributing factor to fluctuations in both funding and enrollment. Some increase in state control and corresponding reduction in local economy seems to have occurred, but possibly less than might have been expected. California's community colleges are still fulfilling their open-access mission to a considerably greater degree than is true of the community colleges throughout the nation as a whole.

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CALIFORNIA HIGHER EDUCATION FACT FILE

Compiled by Terrence A. Tollefson
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	California	U.S.	Cal.% of U.S.
Land Area (Sq.Mi.)	155,973	3,563,342	4.38%
Population, 1960	15,717,000	179,323,000	8.76%
Population, 1995	31,589,000	262,755,000	12.02%
Growth Since 1960	100.99%	46.53%	217.04%
Undergraduate Enrollment, Fall 1994			
Total Higher Education	1,624,924	12,262,608	13.25%
Total H.E./Sq.Mi.	10.42	3.44	302.91%
Total Community College	1,099,505	5,308,467	20.71%
Total C.C./Sq.Mi .	7.05	1.49	473.54%
Total H.E. Per 1,000 Persons	51.44	46.67	110.22%
Total C.C. Per 1,000 Persons	34.81	20.20	172.33%
Minority Enrollments, Fall 1994			
Public Four-Year	47.4%	22.4%	211.17%
Community College	48.7%	29.1%	167.4%
Average Tuition/Fees			
Public Four-Year	$2,703	$ 2,689	100.52%
Community College	$ 365	$ 1,194	30.57%
C.C. % of Pub. 4-Year	13.50%	44.40%	30.41%

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	California	U.S.	Cal.% of U.S.
Number of Institutions, 1994-95			
Public Four-Year	31	605	5.12%
Community College	107	1,036	10.33%
C.C. % of Total Public	77.54%	63.13%	122.83%
Number of C.C. per 1,000 Sq.Mi.	0.67	0.29	231.03%
Degrees Awarded, 1993-94			
Associate	56,417	542,449	10.40%
Bachelor's	111,848	1,169,275	9.57%
Associate % of Bachelor's	50.44%	46.39%	108.73%
Per Capita Income, 1995	$ 23,699	$ 22,788	104.00%
Average Faculty Salary, 1994-95			
Public University	$ 65,800	$ 53,444	123.12%
Community College	$ 50,541	$ 42,101	120.05%
C.C.% of Public University	76.81%	78.78%	97.50%
C.C.% of Per Capita Income	213.26%	184.75%	115.43%

Sources:

(1) Land area - Rand McNally Road Atlas, 1997

(2) 1960 population - Random House Dictionary of the English Language, 1970

(3) Higher education data - Chronicle of Higher Education Almanac, 1996

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